

Owning your own home is the American dream.

Unfortunately, with the struggle of our economy over the last few years, more and more of those dreams are in danger of slipping away. If you are one of the many Americans today concerned about losing your home, this brochure offers suggestions and resources that might help you avoid foreclosure. A foreclosure is a specific legal process in which the lender seeks to take possession of the property due to missed payment(s). Know your options and rights as a homeowner.

DID YOU KNOW THAT

- ▶ 6 in 10 homeowners wish they understood the terms and details of their mortgage better?
- ▶ More than 6 in 10 homeowners delinquent in their mortgage payments are not aware of services that mortgage lenders can offer to individuals having trouble with their mortgage¹?

POSSIBLE SOLUTIONS

- ▶ Refinance and take advantage of today's low mortgage interest rates.
- ▶ Reduce your monthly mortgage payments.
- ▶ Get mortgage relief while searching for re-employment.
- ▶ Get help when you owe more than your home is worth.
- ▶ Avoid foreclosure when homeownership is no longer affordable or desirable.

¹ Freddie Mac/Roper poll of 2,031 U.S. home owners, conducted 2005



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AVOIDING FORECLOSURE



**IF YOU HAVE NOT MISSED A PAYMENT,
BUT MIGHT POSSIBLY IN THE FUTURE**

Have you recently had a mortgage payment increase, job loss or unexpected medical expenses? Divorce, increase in taxes or other financial problems like:

- ▶ credit card debt becoming unmanageable
- ▶ using credit cards to buy groceries or basic necessities
- ▶ finding it hard to pay monthly bills on time

If these situations sound familiar, take action quickly and seek guidance from your local HUD-approved housing counseling agency. Counselors are available to provide you with free information and assistance regarding foreclosure-prevention services.

HUD-approved housing counseling agencies

- ▶ HUD.GOV (click on resources, then HUD-approved housing counseling agencies, and then on foreclosure avoidance counselor)
- ▶ 800.569.4287

California Housing Finance Agency (CalHFA)

- ▶ KEEPYOURHOMECALIFORNIA.COM/COUNSELING.HTM

**IF YOU HAVE ALREADY MISSED A PAYMENT, CONTACT
YOUR MORTGAGE LENDER IMMEDIATELY TO DISCUSS YOUR
SITUATION AND POSSIBLE SOLUTIONS TO KEEP YOUR HOME**

To find your lender:

- ▶ check your monthly mortgage billing statement or payment coupon book

What you will need when you contact your lender:

- ▶ loan account number
- ▶ brief explanation of your circumstances
- ▶ recent income documents: pay stubs, Social Security benefits statements, disability, unemployment, retirement or public assistance statements. If you are self-employed, you will need your tax returns or a year-to-date profit and loss statement from your business.
- ▶ list of your household expenses

Your lender will contact you soon after you stop making payments; return their phone calls or respond to their mail promptly. If your lender does not hear from you, this will require them to take legal action for payment and ultimately, a foreclosure. This will compound the cost of bringing your loan to current. It is best to not ignore contact from your lender.

FEDERAL PROGRAMS

Home Affordable Modification Program SM (HAMPSM)

- ▶ If you are not unemployed, but struggling to make payments.

Home Affordable Unemployment Program (UP)

- ▶ If you are unemployed and depending on your situation, this may reduce your mortgage payments to 31% of your income or suspend them altogether for 12 months or more.

**Housing Finance Agency Innovation Fund for the
Hardest Hit Housing Markets (HHF)**

- ▶ Early in 2010, Treasury announced that this fund would provide more than \$7.6 billion to homeowners in states hit hardest by the economic crisis. California is on that list.

Home Affordable Refinance Program (HARP)

- ▶ If you're not behind on your mortgage payments, but have been unable to get traditional refinancing due to the decline in your home's value.

STATE PROGRAMS

Principal Reduction Program

- ▶ for homeowners who have experienced economic hardships along with declining home values.

Mortgage Reinstatement Assistance Program

- ▶ for homeowners who have fallen behind on mortgage payments due to financial hardship.

Transition Assistance Program

- ▶ for homeowners seeking help for transitioning out of their foreclosed home.

To find out more about these free programs or what else is available to you, please contact

U.S. Department of Treasury

- ▶ MAKINGHOMEAFFORDABLE.GOV
- ▶ 888.995.HOPE (4673)

California Housing Finance Agency (CalHFA)

- ▶ KEEPYOURHOMECALIFORNIA.COM
- ▶ 888.954.5337



PREVENTING SCAMS

In 2002 there were 16,500 foreclosed homes; in 2011, that number reached 154,510². With the amount of foreclosures increasing, there are more and more programs available to help homeowners through a distressing time. All State and Federal programs are free.

warning signs

- ▶ promises to stop foreclosure regardless of your situation
- ▶ claims that all or most of their customers get relief
- ▶ requests that your mortgage payment go to them rather than your lender

For more information on protecting yourself against foreclosure scams, check out

Department of Real Estate

- ▶ DRE.CA.GOV/CONS_PROTECT.HTML

If you think you have been a victim of fraud, contact the following agencies to report your situation:

Federal Trade Commission

- ▶ FTC.GOV or 877.FTC.HELP (382.4357)

Attorney General's office

- ▶ AG.CA.GOV

Better Business Bureau

- ▶ BBB.ORG

² CA.RAND.ORG